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REPORT OF THE
PROVINCIAL MARKETING BOARD

UNIVERSITY OF ALBERTA

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GOVERNMENT OF THE PROVINCE OF ALBERTA
DEPARTMENT OF
INDUSTRIES AND
LABOUR

1956

This Report covers the operations of the Provincial Marketing Board and its subsidiaries, Marketing Services Limited and Prairie Woollen Mills Limited, for the year ended December 31st, 1956.

The original was delivered to the Honourable the Minister of Industries and Labour for submission to the Lieutenant Governor in Council, and was submitted on March 27, A.D. 1957 to the Legislative Assembly at the Third Session of the Thirteenth Legislature.



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EIGHTEENTH ANNUAL REPORT
OF
THE
PROVINCIAL MARKETING
BOARD

DEPARTMENT OF INDUSTRIES
AND LABOUR

GOVERNMENT OF THE
PROVINCE OF ALBERTA

- 1956 -

Submitted by
CHARLES R. PEARCE
Chairman

EXTRACT
FROM
THE ALBERTA MARKETING ACT

(1939, C3, s1)

REVISED STATUTES OF ALBERTA 1942

VOLUME III, CHAPTER 253

An Act respecting the Marketing of Natural Products and other Commodities and to provide for the regulation thereof within the Province.

THE PROVINCIAL MARKETING BOARD

(1). "For the Purpose of providing producers, manufacturers, distributors and consumers in the Province with the means of buying and selling goods, wares, merchandise and natural products at a price which is fair and equitable, the Lieutenant Governor in Council may constitute a Board to be known as 'The Provincial Marketing Board', which shall be a body corporate and shall be empowered to buy and sell and deal in any goods, wares, merchandise and natural products, or any of them whatsoever, either by wholesale or by retail, or both by wholesale and retail, and to act as a broker, factor or agent for any person in the acquisition or disposition of any goods, wares, merchandise or natural products, and for the purpose to do and transact all acts and things which a natural person engaged in a general mercantile business has the capacity or the power to transact.

(2). "With the approval of the Lieutenant Governor in Council the Provincial Marketing Board is empowered to engage in any or all of the following businesses, namely, manufacturing, producing, processing, handling or distributing of any goods, wares, merchandise or natural products, and incidentally thereto, to acquire by purchase or otherwise any land or any other property required by the Provincial Board for the purpose of or incidental to any such business and to do and to transact all acts and things which a natural person engaged in any such business has the capacity or power to transact, including the borrowing of money for any of the aforesaid purposes."

THE PROVINCIAL MARKETING BOARD
DEPARTMENT OF INDUSTRIES AND LABOUR
GOVERNMENT OF THE PROVINCE OF ALBERTA

Edmonton, Alberta,
December 31st, 1956.

To:

Honourable R. Reiersen,
Minister,
Department of Industries and Labour.

Sir:

It is my privilege to submit herewith the Eighteenth Annual Report of the Provincial Marketing Board for the year ending December 31st, 1956, together with report of:

- (a) Final expenditures approved by the Board as Agent for the Government of the Province of Alberta, in connection with the construction, operation and maintenance of the Oil Sands Project at Bitumont, Alberta.
- (b) Financial Report of Marketing Services Limited (a wholly owned subsidiary of the Provincial Marketing Board) for the year ended December 31st, 1956.
- (c) Financial Report of Prairie Woollen Mills Limited (a wholly owned subsidiary of the Provincial Marketing Board) from January 1st to December 31st, 1956.

The Financial Reports referred to above have been prepared and audited by direction of the Provincial Auditor.

THE PROVINCIAL MARKETING BOARD

POLICY OF THE BOARD

1. To promote the development of Alberta by encouraging and assisting industrial enterprises utilizing the natural products of Alberta and employing Alberta personnel.
2. To assist manufacturing industries by mass purchasing of raw materials.
3. When necessary, to sponsor, manage and operate industries within Alberta for the utilization of our natural resources and the employment of Alberta personnel.
4. To encourage and assist in the distribution of the products of Alberta and by direct contact to publicize the merits of Alberta Made Goods.

SCOPE OF REPORT

Reflecting the range of the activities and responsibilities of the Provincial Marketing Board, this report is sectionalized as follows:

- A. Buying Policies and Method of Operation.
- B. Activities relating to Production and Assistance.
- C. Selling and Promotional Activities.
- D. Trading Activities.

A. Buying Policies and Method of Operations of the Board

In keeping with its primary objectives, the Board is guided in its buying policies by the requirements of the Alberta industries which it serves, and as a result the most influential factors bearing on this policy are:

- I. Effect savings in price by mass buying.
- II. Save transportation costs through buying in carload lots or combining shipments.
- III. Buy during seasonal 'peaks' when price and/or quality are most inviting.
- IV. Assure continuity of supply through buying in keeping with market trends.
- V. Keep abreast of all products developments in order that only the most suitable materials may be purchased for manufacture.
- VI. Take full advantage of all discounts by prompt payment in full within the discount period.

All benefits resulting from the buying policies followed by the Board are passed on to the industries in whose behalf the inventory is procured. The benefits to such industries very often make the difference of assuring success where otherwise failure was imminent. In a number of cases businesses commenced operations in the Province owning a

building or having one under Lease, having machinery and equipment fully paid for or under partial Lien, and having sufficient working capital to carry them through a period of ninety to one hundred and twenty days when the first returns from sales are due.

The most common difficulty experienced by such companies is the inability to provide raw materials at the most favourable costs, obtained during periods when quality is highest, and the inability to meet the terms of the Supplier of such material. When it is possible for such industries to show, to the satisfaction of the Board, that there is a good demand for the product involved, that the Applicant business can meet the demand, that the Applicant possesses the necessary knowledge and skill required to produce reliable articles and that the establishment of the business may provide gainful employment for Alberta citizens while utilizing natural resources of the Province, the assistance of the Provincial Marketing Board is almost assured.

The more detailed course of an Application for Assistance from the Board reveals the great care with which each such Application is handled, and the careful consideration given in each case by the Board, prior to submission of the Application for consideration of the Honourable the Minister, Department of Industries and Labour.

The first approach is made by the Applicant when an interview is requested and held with a Member or Officer of the Board. During the course of this interview all pertinent information is drawn from the enquirer and a copy of the most recent audited financial statement is secured and later submitted to the Board for study. In the case of an operating concern, an interim statement is also requested in order that the current position may be revealed. This study of the Firm's financial structure and history is followed by a careful inspection of the plant, buildings and all equipment and a thorough examination of manufacturing methods and procedures.

When it is considered that the Application is of such a nature as to fall within the sphere of normal Board assistance, the necessary forms of Application for Assistance are provided to the Applicant and when completed are brought before a regular or special meeting of the Board for examination. All Applications presented to the Board are carefully studied and given serious consideration from every possible angle. When a decision is made favourable to the Application, the Board recommends the Application to the Honourable the Minister of the Department of Industries and Labour for his approval.

When an Application receives the formal approval of the Minister, an Agreement is drawn, setting out all of the terms and conditions under which assistance will be rendered and an agreed upon sum of money is immediately made available for investment in the required inventory materials, such money being expended by the Crown Corporation, Marketing Services Limited, in accordance with Purchase Orders from the Applicant Company.

It will be noted from the foregoing that neither the Provincial Marketing Board nor its subsidiary, Marketing Services Limited, lend any money to Applicants but purchases of materials are made as desired by the Applicant. When the inventory materials arrive in the

Applicant's locale they may be stored by the Crown Corporation for the period of the Agreement, the Applicant paying the Crown Corporation for supplies of the materials as they are withdrawn for manufacture or fabrication.

As indicated earlier in this report, the Client company receives all advantages gained through the Board's buying policies, and the extent of these advantages is most apparent at the time when the Client company makes such withdrawals from inventory. In brief the Client company may purchase its day-to-day requirements at the same price per unit as has been paid by the Crown Corporation through buying on a mass quantity basis. It is at this point also that the Client gets full benefit of all savings effected on transportation, discounts, rates of exchange, etc. At no stage in the process of an Agreement does an Applicant Company lose its freedom to discontinue its connection with the Crown Corporation at any time and may do so without penalty or bonus by making payment in full for materials on hand. Neither the Provincial Marketing Board nor its trading company have any profit making motive, both being solely interested in the establishment and promotion of industry in Alberta, which will produce 'Made in Alberta' merchandise and increase gainful employment opportunities for Alberta citizens.

In carrying out its policy of operation, the Board has purchased through its Crown Corporation, Marketing Services Limited, quantities of Sheet Steel, Iron Castings, Steel Plate, Aluminum, Cement, Stoker Parts, Oxygen and Acetylene Cylinders, Steel Bars, Tubing, Glycol, Lumber, Wire Mesh, Plastics and other raw materials. These materials have been held in storage and released as required by the Client Industries, which Industries, though they may be relatively small, enjoy the same inventory advantages normally available only to much larger and stronger companies.

Through the facilities of the Alberta Government Purchasing Agency, advantage is taken of the knowledge of experienced Buyers, enabling the Board to select the best sources of supply and to deliver goods as and when required.

Continuous assistance may be given to an industry through several years but when this is the case, the assistance is invariably rendered through a succession of individual Agreements, each of which is gradually reduced in accordance with the growth of the industry with a view to rendering the Client company self-supporting at as early a date as possible. The Board feels justly gratified when a new business has been brought to this desirable position or when an established organization has been successfully helped through a difficult period.

The advisory assistance of the Board is frequently of as great importance as material or financial aid. Through the years the Members and Officers of the Board have amassed an extensive knowledge of markets and sources of supply, patents, sales and promotion methods, industrial employment conditions and the incorporation of companies where such would be advantageous. They have also introduced many Albertans to the services available to them from other Departments of Government. The services offered by industrial and Agricultural Engineers in the Research Council of Alberta and the Department of

Agriculture have been drawn to attention again and again, and surprise is frequently expressed by citizens who learn, through this Board, of services maintained by the Government for their benefit.

B. Activities Relating to Production and Assistance

During the year 1956 twenty-eight additional contracts for inventory and other assistance received approval, and accordingly assistance was rendered to industries engaged in the following types of business:

1. Manufacture of Brooms and Brushes for industrial and domestic use.
2. Printing of multiple business forms.
3. Fabricating of laminated beams for industrial construction.
4. Glass and Aluminum Extrusions for domestic and industrial window construction.
5. Potato processing plant.
6. Cathodic prevention service.
7. Concrete forms (culverts, chimneys, etc.)
8. Reinforced concrete underground sewer pipe.
9. Irrigation pumps and tubing.
10. Nail Making industry.
11. Oil Field storage tanks and accessories.
12. Oil Field supplies and equipment.
13. Oil Well controls and precision instruments.
14. Liquid Air Factory (Oxygen and Acetylene).
15. Manufacture of insulation wool.
16. Fabrication of interior panels, doors, etc., from mahogany plywood.
17. Manufacture of plastic hose and other forms of plastic extrusion.
18. Manufacture of steel culverts.
19. A Welding School, specializing in pipe line welding.

The Board's best purpose has been accomplished when an industry has been assisted to a level of production and profit which places it above the need for further assistance from the Board, and the experience is that the Board is regularly so rewarded. Gratifying letters of testimony from Companies assisted by the Board, but no longer requiring assistance, repeatedly attest to the great value of Marketing Board aid in establishing and promoting industry in the Province of Alberta.

C. Selling and Promotional Activities

Through personal contacts and correspondence, the Provincial Marketing Board has always been energetic in encouraging the sale of Alberta products. Enquiries are received continually from various sections of Canada, as well as from other Countries, concerning Alberta

products and at all times everything possible is done to place these products in the best possible light.

General

Information is constantly sought with regard to ways and means of originating and developing ideas, obtaining patents, starting businesses, as well as information relative to the most suitable location for certain types of manufacture and the extent to which competition may already exist, all of which factors may influence a decision for or against the entering upon a projected course of action.

Growth in dollar value of production or volume of sales are not the only factors considered desirable by the Board but consideration is always given to increased employment opportunities proportionate to the growth of sales volume. One business which employed twenty-eight persons when it first received assistance from the Board in 1953, employed seventy-five persons in 1956. This one case comes nearer to being the rule rather than the exception with industries assisted by the Marketing Board. The list of now thriving industries which at some time or another received assistance from the Board is an imposing one, evidencing the fact that practical co-operation is possible, and in fact desirable, between Government and industry.

Inventions and Patents

Since necessity is indeed the Mother of Invention, many new products have been necessary in the huge development which has taken place in the Province of Alberta, and it follows that this necessity has given birth to the invention of many of the required articles. Few weeks pass without an application being received for assistance in obtaining a patent for some idea or gadget, some of which are practical and some of doubtful value, each, however, regarded by its creator as something the public cannot do without. In the majority of cases the Board can only act in an advisory capacity but some of the ideas are investigated or referred to specialists for opinions, depending upon their basic nature and their potential value in industry. Through the help of the Board Inventors are, on occasion, spared the unnecessary expense of further investigation when a specialist's report indicates the article in question is not favourable to production.

Miscellaneous

During the year 1956 the Board dealt with a number of requests from Departments of Government for the disposal of materials and equipment which had become surplus to the requirement of the Department owning the equipment. In response to these requests the Board pursued its policy of first contacting all other Government Departments to explore any possibility of existing requirement within the Government for such equipment. In cases where it was found that the equipment so declared surplus by one Department was, at the same time, required by another Department, arrangements were made for the transfer of the equipment from one to the other. In this way benefit was derived by both Departments and the Government as a whole obtained further service from the same equipment without incurring new expense. When

it is found that materials or equipment do not appear to be required by any Government Department, the Board may and does sell to the general public, employing any sales methods which will ensure adequate publicity and a fair opportunity for bidding for all interested parties. During 1956 the Board in this way disposed of bridge trusses, scrap steel, agricultural implements, hospital operating room equipment, an electric welder, dishwashing machine, graphotype machine, outboard motors and many more similar items.

Conclusion

The preceding paragraphs illustrate to some extent the practical application of The Alberta Marketing Act to Alberta business. There does not appear to be any other Province in Canada having legislation in force to extend a comparable service to its citizens and the work being carried on in this field in Alberta has created wide interest, bringing enquiries from as far away as Western Germany. The information given here, however, cannot possibly outline fully the myriad incidental functions performed as rank and file services of the Board to industry.

D. Trading Activities

All trading activities during the year 1956 were conducted by the Board's wholly owned subsidiaries, Marketing Services Limited and Prairie Woollen Mills Limited. The Provincial Auditor's reports and financial statements covering these activities are submitted with this report. Marketing Services Limited is a wholly owned subsidiary of the Provincial Marketing Board and operates the Trading Accounts, as referred to in the Auditor's Statement for 1956, attention being drawn to the following points of interest: After provision of Reserve for Bad Debts and Stock Obsolescence, a net profit was realized, as shown by the Auditor's Statement. It should be noted that this Corporation, as a trading activity, is required, before net profits are determined, to pay from its operational earnings all salaries, interest on borrowed capital and all other expenses incurred in its operation.

Although trading activities of the Crown Corporation, Prairie Woollen Mills Limited were on a greatly reduced scale during the year 1956, a net profit to the Corporation was earned for the year as shown by the report of the Provincial Auditor.

Sale of Motor Vehicles

The Board continued during 1956 to operate as Agent for all Government Departments in the sale of used Motor Vehicles, passenger cars, trucks and mechanical equipment, such as bulldozers, caterpillar tractors and many other items of equipment and materials no longer of use to the Government. Advertisements invite the general public to bid for vehicles or other articles by sealed Tenders. As a result of such sales during 1956 one hundred and forty-four motor vehicles were sold for a total of \$92,580.43. Sales of other Government surplus materials and equipment during the year amounted to \$5,485.82.

GENERAL REVIEW AND FORECAST

The cycle of expansion experienced in Alberta during 1956 carried the Province to even higher levels of prosperity.

In the field of Agriculture, greatly increased numbers of Live Stock, diversification of types of crops, and expanding markets for home consumption all played their part towards restoring the proportionate balance of income to the Province's farmers.

The volume of production of oil continued to increase during the year 1956, with increasing consumption in the older markets and development of new markets in British Columbia and the State of Washington, being contributing factors in encouraging increased production.

In keeping with expansion in the Petroleum and Natural Gas Industry, great expansion has continued among the secondary industries which cater to the requirements of oil and gas producers. Those industries, utilizing the Fossil Fuel produced, as well as our vast supplies of other natural resources, continue to stimulate the construction industry in the erection of new buildings for business, residential, engineering and relative industrial products, all contributing to the overall industrial growth of the Province.

The Marketing Board has played an increasingly significant part in this industrial development during the past year and may point with pride to many industries which owe their birth and growth to Board assistance and which, having received such assistance, now provide products, services and facilities necessary to the growth of their fellow industrial operations.

The Provincial Marketing Board, in behalf of the Government of Alberta, is devoting its efforts to the organization, promotion and development of the new wealth of the Province in a manner which will not only bring lasting benefits to all citizens of this Province but will also make a valuable contribution to the economic well-being of our nation.

The Marketing Board is keeping its fingers on the pulse of the rapid growth in industrial development in the Province, and is prepared and eager to take an increasingly useful part wherever it is called upon to assist new or struggling industries within the Province's borders. The Members of this Board recognize the fact that, although the rate at which the Province is developing into an imposing factor in the overall industrial economy of Canada is truly amazing, the Province is only at this stage at the beginning of its development potential.

In closing, may I express to you, Sir, on behalf of the Provincial Marketing Board our sincere appreciation of your interest and counsel, and to your Deputy Minister and other Officials of this Department our thanks for their unfailing courtesy and assistance.

To Officials of many other Departments of Government we extend thanks for their co-operation.

Respectfully submitted,

Charles R. Pearce, Chairman,
Provincial Marketing Board.

GOVERNMENT OF
THE PROVINCE OF ALBERTA

DEPARTMENT OF INDUSTRIES AND LABOUR

Honourable Raymond Reiersen, Minister

John E. Oberholtzer,
Deputy Minister

PROVINCIAL MARKETING BOARD

Charles R. Pearce, Chairman

John R. Fleming, Member

Willard S. McKenzie, Member

Surplus
Government
Equipment

Industrial
Assistance

Promotion
Made-in-Alberta
Products

Advisory
Committee
Government
Purchasing Agency

CROWN CORPORATIONS

Marketing
Services Limited

Prairie Woollen
Mills Limited

HEAD OFFICE

Room 218, Alberta Block
10526 Jasper Avenue
Edmonton

Southern Alberta Branch,
Room 1, Provincial Building,
111 - 8th Avenue East,
Calgary, Alberta.

Warehouse and Sales Lot,
Cor. 104th Ave. and 122nd Street,
Edmonton, Alberta.

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